

**RULES
OF
TENNESSEE STATE OIL AND GAS BOARD
STATEWIDE ORDER NO. 2
DRILLING, RE-ENTRY, PLUGGING
AND ABANDONING EXPLORATORY
AND EXPLOITATION OIL AND GAS WELLS**

**CHAPTER 1040-2-4
WELL SPACING**

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Well Spacing

1040-2-4.01 WELL SPACING

- (1) No permits shall be issued for the drilling of wells in search of oil and gas and no well shall be drilled in search of oil or gas nor shall a well be abandoned in one pool and recompleted in another pool in which no spacing rules are prescribed by special fieldwide orders, unless the location of such well shall comply with the following requirements:
 - (a) Wells drilled in search of oil or gas to a depth of less than one thousand (1,000) feet shall be drilled on 10-acre spacing, and shall not be located closer than six hundred sixty (660) feet from any other well completed in, drilling to, or for which a permit shall have been granted to drill to the same pool; and not closer than three hundred thirty (330) feet from any property or unit line.
 - (b) Wells drilled in search of oil or gas to a depth of one thousand (1,000) to two thousand (2,000) feet or to the base of the Chattanooga Shale, whichever is deeper, shall be drilled on 20-acre spacing, and shall not be located closer than six hundred sixty (660) feet from any other well completed in, drilling to, or for which a permit shall have been granted to drill to the same pool; and not closer than three hundred thirty (330) feet from any property or unit line.
 - (c) Wells drilled in search of oil to a depth of more than two thousand (2,000) feet or the base of the Chattanooga Shale, whichever is deeper, shall be drilled on 40-acre spacing, and shall not be located closer than six hundred sixty (660) feet from any other well completed in, drilling to, or for which a permit shall have been granted to drill to the same pool; and not closer than three hundred thirty (330) feet from any property or unit line.
 - (d) Wells drilled in search of gas to a depth of two thousand (2,000) feet or the base of the Chattanooga Shale, whichever is deeper, to five thousand (5,000) feet or to the top of the Conasauga Group, whichever is deeper shall be drilled on 40-acre spacing, and shall not be located closer than six hundred sixty (660) feet from any other well completed in, drilling to, or for which a permit shall have been granted to drill to the same pool; and not closer than three hundred thirty (330) feet from any property or unit line.
 - (e) Wells drilled in search of gas to a depth of more than five thousand (5,000) feet or the top of the Conasauga Group, whichever is deeper, shall be drilled on 160-acre spacing, and shall not be located closer than one thousand three hundred twenty (1,320) feet from any other well completed in, drilling to, or for which a permit shall have been granted to drill to the same pool; and not closer than six hundred sixty (660) feet from any property or unit line.

(Rule 1040-2-4-.01, continued)

- (f) Any existing well may be deepened and produced for oil or gas from whatever zone(s) production may be obtained on the presently permitted unit size, provided, however, that any exceptions to offsetting property lines or wells under current spacing rules must comply with the provision of rule 1040-2-4-.01(l)(k).
- (g) Where a permit is requested for a wildcat well to be drilled in an area in which the surface or mineral ownership is so divided that the well cannot be located in compliance with the requirement of a distance from property lines and well spacing and a drilling unit cannot be formed in advance of drilling because it is not known whether the well will be completed as an oil well or a gas well, a permit may nevertheless be granted for the drilling of the well when the applicant presents evidence satisfactory to the Supervisor that the applicant has available for assignment to said well leases or acreage of area and size to constitute, in the judgment of the Supervisor, a reasonable producing unit for such well and such applicant agrees to create or to apply to the Board for creation of a reasonable producing unit within forty-five (45) days after completion of the well.
- (h) Upon the completion of a confirmation well to a discovery well, the operator of the discovery well must apply for a public hearing before the State Oil and Gas Board for the purpose of establishing temporary drilling and production units. When a pool has had five (5) wells drilled to and completed therein or after one (1) year has elapsed from the completion of the confirmation well in the field, whichever occurs first, the operator or operators of well in the field shall petition the board for a public hearing for the purposes of establishing field rules and regulations and the creation of drilling and production units for the pools in the field. The right is reserved, however, to any interested party to apply for a public hearing at an earlier date and if the Board finds from an examination of the information furnished that temporary or permanent drilling and production units should be formed, it shall be so ordered.
- (i) Where prior to the issuance of this order, a pool has already been partially developed with a greater density of wells than that prescribed herein, the Supervisor may, without additional public hearing, exempt such pools from the provisions of this order. The exemptions for these pools shall be granted only after application has been made to the Supervisor in writing accompanied by a map delineating the locations of all existing wells completed and producing from the pool for which exception is being asked.
- (j) A poolwide unit is exempt, within its internal boundary, from well spacing rules as to the particular unitized pool, but all wells must be located interior of the unit outline in compliance with the rules for distance from property lines.
- (k) The Supervisor may grant administrative approval of exceptions to Chapter 1040-2-4 Well Spacing, or any order of the Supervisor establishing well spacing for a pool upon submission of an application showing all pertinent information and data and after due notice is given to all operators of interest.
 - 1. The application shall be made to the Supervisor with a copy to each known offset operator of interest and such application shall include:
 - (i) Statement of reason and justification for requested relief.
 - (ii) Map or plat as described in Chapter 1040-2-3, which additionally shows:
 - (I) The location at which an oil or gas well could be drilled in compliance with Chapter 1040-2-4, or applicable order;
 - (II) The location at which the applicant requests permission to drill;

(Rule 1040-2-4-.01, continued)

- (III) The outline of the drilling unit to be assigned to the proposed well site with a notation as to the amount of acreage contained therein;
 - (IV) The outline of all other drilling or production units currently assigned to the tract or lease upon which the proposed drilling unit is located, with a notation of the amount of acreage assigned to each unit.
- (iii) Sufficient geological evidence that the proposed drilling unit will be reasonably productive of oil and/or gas.
- (iv) List of names and addresses of all interested persons notified of the application.
- 2. Each drilling unit should comply with the well density as described in Chapter 1040-2-4, or the applicable order.
- 3. The acreage assigned to the proposed drilling unit should be reasonably expected to be productive of oil and/or gas from the common source of supply.
- 4. If the application meets with the approval of the Supervisor and no written protest is received by the Supervisor within ten (10) days following prescribed notice of application, the Board may grant the requested relief without the necessity of a public hearing.
- 5. If the application is accompanied by a written waiver from all known offset lease owners, the ten (10) day delay will be unnecessary.
- 6. If the Supervisor does not elect to approve the application administratively, or if written protest is received within the ten (10) day period, the application may be set for public hearing.
- (1) Exception not to exceed ten percent (10%) in spacing distances on locations interior to property boundaries will be allowed administratively by the Supervisor. Any exception adjacent to offset operators must comply with Rule 1040-2-4- 01 subparagraph (k).
- (2) If it is necessary to drill a well below the depth bracket for the anticipated productive zone for stratigraphic information only, the Application for Permit to Drill (Form P-AD-1), shall indicate the proposed total depth and anticipated depth bracket for productive zone and unit. Following drilling, logging and testing, the well shall be plugged back, or casing set to the legal total depth appropriate for the anticipated productive zone. The plug back depth shall be indicated on the Plug and Abandon Report (Form R-PA-1), which must be accompanied by a work ticket which indicates in detail how the work was done. If production is established below the depth bracket for the anticipated productive zone, appropriate spacing shall be established by the Supervisor or Board.

Authority: T.C.A. §§60-1-202 and 60-1-204. **Administrative History:** Original rule certified May 24, 1974. Amendment filed June 29, 1982; effective August 13, 1982. Amendment filed February 7, 1986; effective March 9, 1986. Amendment filed April 20, 1988; effective June 4, 1988.